[redacted]

[redacted]

Supreme Court of the United States

October Term, 1965.

No. 514.

[redacted]

Petitioner,

v.

[redacted]

Respondent.

REPLY TO PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIFTH CIRCUIT.

Henry H. Fain, Jr.
Fain & Fain,
[redacted]
Attorney for Respondent.

Douglas W. McGregor,
McGregor & Scurlock,
[redacted]
Of Counsel.

December, 1965.

Statement of Service by Mail is Attached.

TABLE OF CONTENTS.

	Page
COUNTERSTATEMENT TO THE QUESTIONS PRESENTED	1
COUNTERSTATEMENT OF THE CASE	3
The Original Infringement Action	3
The Contempt Action	4
The Appeal from the Contempt Order	6
ARGUMENT	7
No Issues Are Presented in This Case Warranting the Grant of a Writ of Certiorari	7
Petitioner's Alleged Question No. 1	7
Petitioner's Alleged Question No. 2	8
Petitioner's Alleged Question No. 3	10
Petitioner's Alleged Question No. 4	10
CONCLUSION	11

TABLE OF CASES CITED.

	Page
Air Devices, Inc. v. Air Factors, Inc., 9 Cir., 210 F. 2d 481	9, 10
Casco Products Corp. v. Sinko Tool & Mfg. Co., 7 Cir., 116 F. 2d 119, cert. den. 312 U. S. 693	9
Furness, Withy & Company, Limited v. Yang-tsze Insurance Association, Limited, 242 U. S. 430	7
Keller v. Adams-Campbell Company, Inc., 264 U. S. 314	7
Scott Paper Co. v. Marcalus Manufacturing Co., Inc., 326 U. S. 249	8
Union Carbide & Carbon Corp. v. Graver Tank & Mfg. Co., Inc., 196 F. 2d 103, cert. den. 343 U. S. 967	8, 9
Westinghouse Electric & Manufacturing Company v. Formica Insulation Company, 266 U. S. 342	7, 8

IN THE

Supreme Court of the United States

OCTOBER TERM, 1955.

No. 514.

E-I-M COMPANY, INC.,
Petitioner,

v.

PHILADELPHIA GEAR WORKS, INC.,
Respondent.

REPLY TO PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIFTH CIRCUIT.

COUNTERSTATEMENT TO THE QUESTIONS PRESENTED.

This is a patent infringement proceeding wherein Petitioner was first adjudicated to be an infringer, and later held in contempt of injunction.

Far from being definitive of issues present in this case, the four "Questions Presented," as set forth in the petition, have no application because:

1. Petitioner did have a full trial on the contempt issue.

2. At the contempt trial, the newly-accused device was compared, element for element, with the patent claim, as construed in the light of the prior art under the previous adjudication.

3. At the contempt trial, Petitioner did not offer the Jones patents, as such, in evidence, but sought instead to retry and reargue matters ruled against it in the original action.

4. At the contempt trial, it soon became apparent that Petitioner's argument that it had followed the teachings of Jones amounted to no more than a repetition of the same argument which the Court of Appeals had previously found to be wanting in substance.

5. Even so, the Trial Judge allowed the testimony to proceed, and ordered all of the exhibits offered by Petitioner, including those relating to prior art, to be sent with the record to the Court of Appeals "for use on the appeal."

6. By stipulation of the parties, the entire record of the original trial, including all of the prior art, was made a part of the contempt record on appeal.

7. On the appeal from the contempt order, the Jones patents were again considered by the Court of Appeals, and were found to be so different from both the patented and the newly-accused devices as to have no bearing upon the contempt issue.

COUNTERSTATEMENT OF THE CASE.

The Original Infringement Action.

This cause was originally tried in May of 1951 before the District Court for the Southern District of Texas on a Complaint filed by Petitioner, seeking a declaratory judgment, and on a counterclaim by Respondent, charging Petitioner with patent[1] infringement. After a lengthy trial (R. 68),[2] the District Court dismissed the Complaint and sustained the counterclaim (App. 21-50). In the judgment, Petitioner was enjoined from making the accused devices, "or any substantial equivalents thereof" (App. 50).

Petitioner appealed the decision of the District Court to the Court of Appeals for the Fifth Circuit. In an opinion rendered June 12, 1953 (App. 16), the Court of Appeals affirmed the judgment of the District Court.

In both the District Court and the Court of Appeals, Petitioner relied heavily upon various prior art patents, including particularly Jones British Patent No. 307,444 and Jones United States Patent No. 1,864,653. Both Courts found that the prior art, including the Jones patents, neither negatived the patentability of the invention, nor limited the scope of the patent claim in suit (App. 19, 25-26), and hence that the claim was entitled to "a reasonable breadth of construction" (App. 48).

Notwithstanding the issuance of the injunction, and while its first appeal was pending, Petitioner began to manufacture and sell valve operators of a somewhat modified, but basically similar, construction.

---

1. Ball Patent No. 2,114,013, expired as of April 12, 1955, for valve controls.

2. The references "R." and "App." indicate pages of the transcript of record below and of Petitioner's appendix, respectively.

The Contempt Action.

On December 3, 1953, Respondent filed a motion for an order holding Petitioner in contempt of injunction by reason of its manufacture and sale of the modified valve operators. The motion as filed was supported by three accompanying affidavits, as well as by various documentary exhibits (R. 20-39).

Petitioner, in opposing the motion, filed two affidavits, including one by its President, James N. Morrell (R. 40-60). The Morrell affidavit sought to justify Petitioner's newly-accused devices on the basis of the same prior art relied upon at the original trial. A substantial portion of this affidavit was devoted to an argumentative interpretation of the Jones patents, and for this purpose various drawings were attached thereto (R. 44-59; Pl's Exs. A, B, C, D).

When the motion came on for hearing on January 25, 1954, Petitioner requested that the issue be tried on the basis of testimony in open court (R. 156). This request was granted and testimony was presented on behalf of both parties.

At the conclusion of Petitioner's examination of its single witness, the Trial Court asked Petitioner to call its next witness (R. 153). Petitioner then stated (R. 154):

> "Your Honor, that's the only witness we intended to put on."

At the contempt trial, Petitioner did not offer the Jones patents in evidence. Instead it offered fragments of the Jones drawings, omitting the electrical circuits and all descriptive material, and additional interpretive drawings of its own making (originally identified as Pl's Exs. C-1, C-2, later changed to J and J-1; R. 90-91, 244), arguing that its purpose was to show that it had copied the prior art (R. 66, 135-6). This argument, however, evaporated when Petitioner's witness, Ince, admitted that the new

structure differed from the Jones patents in the very respects which were found to be critical [3] in the previous decision of the Court of Appeals (R. 144, App. 19-20, 25-27).

Upon recognizing that Petitioner's real purpose was to re-try the original issue (scope of the patent in the light of Jones) already adjudicated at the Court of Appeals level, the Trial Judge first excluded the aforementioned proffered exhibits. Later, however, he ruled that every exhibit relating to prior art should be identified and made available "for use on the appeal" (R. 90-1, 243) and permitted the testimony to proceed for the purpose of the record (R. 139-143).

In holding that the newly-accused device violated the injunction, the Trial Court compared the device, element for element, with the patent claim (Findings Nos. 4-6, App. 2-3) in the light of the previous adjudication by the Court of Appeals wherein the metes and bounds of the invention had been delineated (Finding No. 7, App. 3). He found that as to five of the six elements set forth in the patent claim in suit, there was virtual identity with those of the adjudicated device (Finding No. 4; App. 2-3); that as to the sixth and final element, it was "even closer" to the Ball patent (Finding No. 6; App. 3); and that there was a very close similarity in external appearance, interchangeability, etc., between the newly-accused and adjudicated devices (Finding No. 8; App. 3-4), as well as full equivalence in terms of function and result (Finding No. 7; App. 3). On this basis, he awarded double damages to Respondent (App. 16).

---

3. In the Jones device, movement of the clutch is effected electrically through the medium of a solenoid (original findings 11 to 13; App. 25-27). In the newly-accused device, as in the Ball patent, the clutch is released mechanically and automatically by power-driven mechanism, not by an electrical current. So also, in many other respects, the newly-accused device represents a "substantial departure from the teachings of Jones," as pointed out in the decision of the Court of Appeals (App. 12).

The Appeal from the Contempt Order.

When Petitioner filed its appeal from the contempt order, it was stipulated by the parties (R. 18) that the entire original record, including the Jones patents and all other prior art, was to be forwarded to the Court of Appeals for the Fifth Circuit as a part of the record on appeal. Meanwhile, the Trial Judge ordered that every exhibit offered at the contempt hearing be forwarded "for use on the appeal" (R. 243).

At the argument on appeal from the contempt order, the Jones patents were again given the fullest consideration. In its decision of May 25, 1955, which affirmed the contempt order while modifying the award of double damages, the Court of Appeals agreed with the District Court that the newly-accused device was even closer to the patent than had been the previously accused device (App. 8).

The Court of Appeals further found, in the light of all the facts, that no prejudice had resulted to Petitioner from the rulings of the District Court with regard to prior art (App. 10). Not only did the Court of Appeals note that the Trial Judge had permitted Petitioner to elicit testimony relating to the Jones patents (App. 9), but it also stated that the record demonstrated beyond question that the newly-accused device was "a substantial departure" from the teachings of Jones (App. 12). Finally, the Court of Appeals stated (App. 10):

> "In fact, we think both sides have here been afforded adequate opportunity to develop the record on the controlling issue of whether the presently accused CS Operator is 'in fact and in law the equivalent of the adjudicated structure.' "

ARGUMENT.

No Issues Are Presented in This Case Warranting the Grant of a Writ of Certiorari.

Mindful of the admonition of this Court in *Furness, Withy & Company, Limited v. Yang-tsze Insurance Association, Limited,* 242 U. S. 430, 433, we conceive it our duty to show that no issues are presented in this case which would compel or warrant the grant of a writ of certiorari.

This Court, in *Keller v. Adams-Campbell Company, Inc.,* 264 U. S. 314, 319, stated that a patent infringement case should not be brought up "by certiorari unless it be necessary to reconcile decisions of Circuit Courts of Appeal *on the same patent*" (italics ours). The patent in suit has never been litigated before any Courts other than the Courts below; no conflict of decision exists with respect to it.

The factual situation here is very simple; and no new principle of law is involved. If there be any issue, it may be stated thus: An infringer has been charged with violation of an injunction. It is clear that the newly-accused device is not merely within the patent claim; it is even closer to the patent than was the adjudicated device. It obviously differs in structure and function from the prior art previously offered and considered. Under such circumstances, should the infringer be permitted to re-try the scope of the patent, such issue having already been adjudicated at the Court of Appeals level?

Petitioner's Alleged Question No. 1.

In presenting its alleged question No. 1, Petitioner seeks to show that the decision of the Court below is in conflict with the decisions of this Court in *Westinghouse Electric & Manufacturing Company v. Formica Insulation*

Company, 266 U. S. 342 and *Scott Paper Co. v. Marcalus Manufacturing Co., Inc.,* 326 U. S. 249, and with the decision of the 7th Circuit in *Union Carbide & Carbon Corp. v. Graver Tank & Mfg. Co., Inc.,* 196 F. 2d 103, cert. den. 343 U. S. 967. However, in none of these cases was the finality of a previous adjudication regarding the scope of a patent claim at issue.

In *Westinghouse v. Formica,* this Court held that while an assignor of a patent is estopped from denying the validity thereof in an action for infringement, he is not prevented from narrowing or qualifying the scope of the claims by resort to the prior art.

In *Scott v. Marcalus,* this Court held that the assignor of a patent has a complete defense to an action for infringement where the accused device is that of an expired patent.

In *Union Carbide v. Graver,* involving a contempt proceeding, the question of the re-admissibility of the prior art reviewed in the first proceeding was not raised. Rather, the Court of Appeals, in finding that the infringer was not in contempt, ruled that the patentee was estopped by its previous representations, both in the Patent Office in securing its patent and in the Courts in sustaining the claims thereof, from asserting a scope broader than that which it accorded the claims when it made such representations.

It is clear that the facts of the instant case are altogether different from those involved in the above cases. Here, the scope of the patent claim in suit had been judicially determined as between the parties. Its metes and bounds, as well as its novelty over Jones, had been defined by the adjudication in the initial litigation. Under such circumstances, it would have been presumptuous for the District Court to "rehash" the prior art already found to be lacking in relevancy.

Petitioner's Alleged Question No. 2.

The second question framed by Petitioner actually begs the basic question in this case, which is whether Petitioner,

in manufacturing the newly-accused device, violated the injunction of the District Court. The Courts below, in ruling that the injunction had been violated, specifically found that the newly-accused device was even closer to the patent than had been the previously adjudicated device.

While Petitioner intimates in its petition (p. 10) that it is conceded that the clutch shifting mechanism of the newly-accused device stems from the Jones patents, the record will show that no such concession has ever been made by Respondent. Our position throughout this proceeding has been that the mechanical clutch shifter of the newly-accused device is unlike that of the Jones patents.[4] The Court of Appeals has sustained this view.

There is no conflict here with the decisions of other circuits cited in the Petition.[5]

In *Casco v. Sinko,* the Court of Appeals for the Seventh Circuit held, in a suit for specific performance of a patent license agreement, that while the licensee is estopped to assert that the patents under which it is licensed are invalid, it is not estopped to prove that the accused devices which it is manufacturing are built wholly according to the teachings of the prior art, and hence not within the scope of the license.

In *Union Carbide v. Graver,* where the issue of contempt of injunction was raised, the newly-accused device was admittedly further removed from the claims of the patent than had been the initially adjudicated device. In this case, the Court held that since the patentee, in both

4. See, for example, Respondent's answer to Petitioner's petition below for rehearing wherein we stated, at pages 2-3:

"At a glance, it may be seen that the presently accused E. I. M. device is mechanical, not electrical, that it has no friction clutch or solenoid, and that the shifting of its clutch *is* effected in response to the operation of the power-driven mechanism. Its principle of operation is similar to that of the Ball structure and unlike that of Jones."

5. *Casco Products Corp. v. Sinko Tool & Mfg. Co.,* 7 Cir., 116 F. 2d 119, cert. den. 312 U. S. 693. *Union Carbide & Carbon Corp. v. Graver Tank & Mfg. Co., Inc.,* 7 Cir., supra. *Air Devices, Inc. v. Air Factors, Inc.,* 9 Cir., 210 F. 2d 481.

the Patent Office and the Court, had sustained his patent by representing that the claims were of a breadth so limited as not to include the newly-accused structure, he was estopped from later asserting that such structure was within the scope of his patent.

In *Air Devices v. Air Factors*, the Court merely held, in an infringement suit, that the claims of the patent were so limited by the prior art as not to read upon the accused device, and hence there was no infringement. The Court further indicated that if the claims were to be construed broadly enough to read on the accused device, they would be invalid in the light of the prior art.

Petitioner's Alleged Question No. 3.

The third question posed by Petitioner does not relate to any issue involved in this case for the newly-accused device was compared, by both Courts below, with the adjudicated device in relation to the patent in suit, as construed in the light of the prior art (App. 15), and by the Court of Appeals directly with the Jones patents (App. 11-12).

Petitioner's Alleged Question No. 4.

As the facts in this case clearly show, Petitioner's proposed question No. 4 is moot; it is not an issue in this case.

Although the issue of contempt was initiated by motion and affidavits, the proceeding later developed into a full-fledged trial. The parties were given the same opportunity to call and examine witnesses, and to introduce pertinent evidence, as they would have received had the action been instituted by a supplemental bill for infringement.

Reference is made by Petitioner to cases relating to attempted enforcement of an injunction as applied to devices substantially different from a previously adjudicated infringing structure and doubtfully covered by the patent. Manifestly, such cases have no application here for both

the District Court and Court of Appeals have found that in the newly-accused structure the elements are either "identical to those used in the adjudicated structure," or "involve only minor changes in shape or proportions," or are "even closer to the mechanism shown in the Ball patent" (Findings Nos. 4 and 6; App. 2-3). In the light of such findings, Petitioner's position is even less equitable than that of an infringer who has turned to a "colorably different" device. Surely, an infringer under injunction should not be permitted to escape an action for contempt on the ground that he has turned to a construction more nearly resembling that of the patent.

CONCLUSION.

The Petition should be denied.

Respectfully submitted,

HENRY N. PAUL, JR.,
PAUL & PAUL,
1815 Land Title Building,
Philadelphia 10, Pa.,
Attorney for Respondent.

DOUGLAS W. MCGREGOR,
MCGREGOR & SEWELL,
Twenty-third Floor Gulf Building,
Houston, Texas,
FRANCIS W. SULLIVAN,
STRONG, SULLIVAN, SAYLOR & FERGUSON,
1700 Girard Trust Co. Building,
Philadelphia 2, Pa.,
Of Counsel.